

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SEP 14 1981

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(4) of the Internal Revenue Code.

The information submitted discloses that you were incorporated under the non-profit laws of the State of [REDACTED] on [REDACTED]. Your Articles of Incorporation state that the purposes for which the non-profit corporation is organized are:

- (a) to consider and deal by any and all lawful means with those common problems involving the safety, welfare and general well being of its residents, protection of property, enforcement of restrictive covenants pertaining to the addition, enhancement of property values, and beautification of the neighborhood area, and to secure cooperative action in advancing any and all other common purposes of the members of the corporation and as the designated representative of the Architectural Control Committee, by assumption of the responsibilities, obligations and duties acknowledged herein to perform all those things set forth in the restrictive covenants governing [REDACTED]

- (b) This corporation is organized and operated exclusively for the above stated purposes, and for no purpose by any construction for profit, no part of any net earning or assets shall be construed to be taxable as income nor inured to the benefit of any private member or owner of a home in [REDACTED]

Statements furnished in support of your applications show:

INITIATOR

REVIEWER

REVIEWER

REVIEWER

REVIEWER

REVIEWER

REVIEWER

[REDACTED]

The purpose of the organization is to maintain and to beautify if necessary, the sidewalks, roads and other common areas of the subdivision. In addition, the association provides security for the residents of the subdivision and non-resident members who are present in the subdivision at any given time. The corporate purpose is stated in general terms to provide flexibility to cover any additional needs which may arise in the future.

The organization, to date, has beautified the entrance to the subdivision and is in the process of locating a suitable security company.

The association has been organized to benefit the general public I.R.C. 501 (c) (4)-1 (a) (2) (i). All its facilities are available for use by both members and nonmembers Rev. Rul. 80 - 63. Further its security activities benefit the general public by making the neighborhood safer for anyone present in the subdivision. Therefore, having followed both the letter and spirit of I.R.C. 501 (c) (4), we would appreciate the speedy processing of their request for tax exempt status.

Revenue Ruling 74-99, 1974-1 C.B. 131, states that a homeowners' association must, in addition to otherwise qualifying for exemption under section 501 (c) (4) of the Code, satisfy the following requirements:

- (1) it must engage in activities that confer benefit on a community comprising a geographical unit which bears a reasonable recognizable relationship to an area ordinarily identified as a governmental subdivision or a unit or district thereof;
- (2) It must not conduct activities directed to the exterior maintenance of private residences; and
- (3) It owns and maintains only common areas or facilities such as roadways and parklands, sidewalks and street lights, access to, or the use and enjoyment of which is extended to members of the general public and is not restricted to members of the homeowners' association.

Your community is not identifiable as a governmental unit.

Based on the information presented, we have concluded that you are not operated exclusively for section 501(c)(4) purposes. While you state that all of your facilities are available for use by both members and nonmembers and its security activities benefit the general public, your primary purpose is for the benefit of the subdivision, [REDACTED] Section. Therefore, you are required to file Federal income tax returns on form 1120.

exclusion or exempt foreign income from gross income. This election must be made timely and must be made each year. Enclosed is Form 1120-H for your information.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely yours,

  
District Director

Enclosures:  
Form 1120-H  
Form 892